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HOUSING A CHANGING CITY

BOSTON 2030



CHAPTER 4

2014



HOUSING BOSTON'S SENIORS

One of the greatest challenges between now and 2030 will be meeting the housing needs of seniors, who represent Boston's fastest-growing and most economically-challenged demographic group. As more Baby Boomers enter retirement, seniors will occupy an increasing share of Boston's housing stock.

In order to ensure that Boston continues to support its seniors, and to maintain the stability and diversity of our neighborhoods, Boston will need to provide its seniors with viable housing options and support services. Providing this housing and associated supports must be done while adjusting to the reality that federal funding for developing affordable senior housing has decreased substantially.

Housing Affordability with Declining Incomes

With retirement comes a significant decrease in household income. The median household income of seniors

is 60 percent below households in the pre-retirement age group of 45-64, and is projected to remain low for the rest of their lives. However, while the income of seniors decreases, the cost of housing does not usually decline appreciably at retirement. For most seniors, housing and its related expenses continue to rise at the same time that medical expenses have also increased, making the high cost of rent even more challenging.



Housing Affordability for Senior Renters

Seventy percent of seniors living in rental housing have extremely low-incomes (under \$25,000) and only 16 percent have incomes greater than \$50,000 (Table 22).

Although 84 percent of senior households are considered to be low-income (income under \$50,000), most of these low-income seniors have housing they can afford. As shown in Table 23, 30 percent of low-

income senior renters are paying more than half of their income on rent, while 62 percent of low-income seniors live in one of the 11,886 units of public or privately owned subsidized housing. However, 5,739 low-income seniors are not in any form of subsidized housing, and are classified as highly rent burdened. These low-income seniors are a priority for attention and action.

TABLE 22: **Incomes of Senior Renters, 2012**

Characteristic	2012 Households	% of Senior Renters
All Senior Renter Households	22,983	100.00%
Senior Renter Households, Income Under \$25,000	16,146	70.30%
Senior Renter Households, Income \$25,000 - \$50,000	3,091	13.40%
Senior Renter Households, Income Above \$50,000	3,746	16.30%

Source: 2012 American Community Survey Five-Year Estimates, Public Use Microdata Sample (PUMS), BRA Research Division¹

TABLE 23: **Housing Status of Low-Income Senior Renters, 2012**

Housing Status in 2012	Households	% Total
In Subsidized Housing	11,886	62%
Unsubsidized, Highly Rent Burdened	5,739	30%
Unsubsidized, Not Highly Rent Burdened	1,612	8%
Total Low-Income Senior Renter Households	19,237	100%

Source: City of Boston Department of Neighborhood Development 40B inventory, 2012 American Community Survey Five-Year Estimates

Housing Affordability for Senior Homeowners

Senior homeowners are in much better financial condition than renters. Only 22 percent of homeowners have extremely low incomes; the majority of senior homeowners fall into either the middle or upper income bracket (Table 24). Fifty-seven percent of senior homeowners are no longer paying a mortgage, which makes housing costs more affordable.

Although the majority of senior homeowners are not burdened by housing costs, there are more than 4,000 extremely low-income Boston senior homeowners for whom upkeep, taxes, and utilities can present significant financial challenges. When large capital needs occur, these owners often have few financial options. In addition, the capital expenses associated with installing energy-efficient heating systems and

windows may prevent these owners from making investments that could substantially reduce their monthly bills and improve their quality of life.

The Boston Commission on the Affairs of the Elderly reports that 19 percent of Boston’s seniors have physical mobility issues that can affect their ability to live at home. While the majority of senior renters live in senior-oriented housing designed to address these issues, most senior homeowners live in housing that was not designed for people with impaired mobility. Adaptations, such as wheelchair-accessible bathrooms, can be costly and prohibitively expensive for most very low-income homeowners. In addition, the demands of managing capital projects, ongoing repairs, and home maintenance can become difficult for many senior homeowners.

TABLE 24: **Income Profile of Senior Homeowners**

Characteristic	2012 Households	% of Senior Homeowners
All Senior Homeowner Households	19,237	100.00%
Homeowner Households, Income Under \$25,000	4,325	22.50%
Homeowner Households, Income \$25,000 - \$50,000	5,031	26.20%
Homeowner Households, Income Above \$50,000	9,881	51.30%

Source: 2012 American Community Survey Five-Year Estimates, Public Use Microdata Sample (PUMS), BRA Research Division



Housing Boston's Seniors: Key Issues

For Boston to continue to support its seniors and to address their housing and support services needs, new strategies must be developed to address the following key issues:

Accommodating Growth

Demographic projections show a 53 percent increase in the number of senior-headed households between 2010 and 2030, as the largest portion of the Baby Boom generation reaches retirement age (Table 25).

One of the factors contributing to this rapid growth is a low out-migration rate. Typically, Boston has experienced a sizable out-migration as seniors reach retirement and move to warmer climates and retirement communities. Today, that trend is being offset by seniors electing to remain in Boston and an influx of seniors moving into the city. A review of patterns from 2008 to 2012 showed that while an average of 2,050 seniors move out of Boston each year, an additional 1,430 seniors move in.

Many of Boston's seniors already have the housing they want, and, with their numbers increasing, will occupy a larger share of the existing housing stock. Some of these seniors will choose to age in place. Other senior households with declining incomes will need to access affordable rental housing. The City will work with the affordable housing community to develop additional units to fill this need.

The City will also need to work with the private development community to encourage the development of market-rate senior housing. By 2030, there will be an estimated 27,000 senior homeowners. Many of these homeowners would benefit from a housing option that would allow them to downsize while remaining in neighborhoods where they have lived for decades. For each senior homeowner who moves to a senior-oriented development, a housing unit opens for a family wanting to stay or relocate in Boston.

TABLE 25: **Projected Growth of Senior Population and Senior-Occupied Housing Units 2010-2030**

Demographic Characteristic	2010	2030	Growth 2010-2030	% Growth 2010-2030
Senior Population	62,237	97,393	35,156	56%
Housing Units Occupied By Seniors	42,016	64,433	22,418	53%

Source: MAPC Demographic projections for Boston, August 2014

By 2030, it is predicted that lower-income senior households will represent two-thirds of the growth in senior households. The City and its partners will need to prepare not only for increased demand for affordable housing, but also to find new ways to support and expand housing support services (Table 26).

While the rapid aging of Boston's population will begin to abate after 2030, we expect a sustained demand for senior housing well past the mid-point of the 21st century. Significantly, in 2034, the last of the baby boomer generation will be aged 70 or older. This dramatic spike in older Bostonians suggests a continued need for supportive senior housing.

Seniors over age 80 have the lowest incomes and highest rent burdens and often require housing that accommodates disabilities. In addition, one-half of

Boston's seniors 80 years and older live alone. Chronic isolation and associated loneliness in seniors has been identified by researchers as a great public health risk.

The City expects that housing built for seniors will largely be one-bedroom apartments in buildings with associated common living spaces. These units can be easily converted to suit other populations should the demand for senior housing drop. However, since household income falls so dramatically with retirement, the likelihood of sustained demand for quality, affordable supportive housing for seniors will remain high.

Rising Costs of Producing Affordable Senior Housing

The cost of producing low-income senior housing has risen sharply. As affordable senior housing is not able to support any significant amount of private debt, the

TABLE 26: **Senior Households by Income, 2010 - 2030**

Income Level*	2010	2030	Change 2010-2030
<\$50,000	27,990	42,599	14,609
\$50,000-\$125,000	10,386	16,106	5,720
>\$125,000	3,640	5,728	2,088
Total	42,016	64,433	22,418

Source: MAPC Demographic Projections for Boston, August 2014. * MAPC provided household income projections by Area Median Income; the City converted these into the dollar income ranges used in this Plan. For the purposes of the City's analysis, <\$50,000 is considered to be 0-60% AMI, \$50,000-\$125,000 is considered to be 60%-150% AMI, and >\$125,000 is considered to be >150% AMI.



use of public funding to create this housing has also grown. Total development costs are up 89 percent since 2000, necessitating an increase of 143 percent in public subsidy (Table 27).

Significant Cuts to Senior Housing Programs

The aging of the Baby Boom generation is a nationally significant demographic trend, yet the two Federal programs that had funded much of the City's senior housing activities have been severely cut back over the last ten years. The Section 202 program provided both development and operating subsidies to produce affordable senior housing. In 2010, the Section 202 program stopped providing development subsidies. On average, that subsidy amounted to \$131,000 per unit – a cost that will need to be made up from other City and State sources. While the Section 202 program still provides rent subsidies, there has been relatively little new production resulting from this reformulated program.

The CDBG program is the primary funding source for the City's senior homeowner assistance programs and foreclosure prevention services. This source has been cut by a third over the last ten years.

Increase in Support Services Required to Meet a Growing Need

As our population ages, an increased number of our seniors will need housing support services to ensure their safety and comfort. An increasing number of low-income seniors will need support to find and secure affordable housing, while low- and moderate-income homeowners will need assistance to repair and adapt their homes. The City already has some of these services in place, however, it is anticipated that they will need to be expanded and additional support services and programs will be created. Working with our non-profit partners, the City will identify the most critical support services needed and put in place a coordinated system that responds effectively and efficiently to the needs presented.

TABLE 27: **Funding of New Senior Housing 2000-2014**

Per Unit Funding	2000-2003	2004-2007	2008-2011	2012-2014
Total Public Funds	\$134,233	\$190,029	\$282,413	\$326,238
Total Development Cost	\$177,312	\$212,333	\$358,904	\$334,622
% of Costs From Public Funds	76%	89%	79%	97%

Source: City of Boston Department of Neighborhood Development

Boston has a strong non-profit housing development sector with a demonstrated commitment to housing seniors with dignity and creating opportunities to age in vibrant communities. These housing providers do more than provide housing. They work to maintain seniors in community or neighborhood housing rather than institutional settings. Typically, they partner with community service providers, re-invest development fees and rental proceeds into services, and raise philanthropic dollars to provide a rich array of programs in their housing.

These supported housing units for seniors allow them to age in vibrant and well-connected communities that

dramatically improve emotional and physical health outcomes. These supported housing communities can also create a platform for innovation and cost savings in the delivery of healthcare. Boston's robust and sophisticated medical institutions can become important partners in bringing innovation to Boston's strategy to house its growing senior population; by supporting production of this form of housing, Boston can draw in the considerable expertise of its health care leaders. By promoting innovation in this sector, the City can demonstrate the cost-effectiveness of senior housing in preventing or delaying nursing home placements.





Housing Boston's Seniors: Goals

1. Maintain Boston's historic pace of creating new low-income housing for seniors, despite the termination of Federal Section 202 development funding

The City will assist with the production of 1,500 units of new, low-income senior rental housing by using a combination of local, state and federal funding.

2. Encourage the market to develop 3,500 units of senior-oriented housing

Developing 3,500 units of market-rate housing for the elderly of which 2,500 will be affordable to middle-income seniors. This will also allow more than 15 percent of elderly homeowners to downsize and provide seniors with more supportive housing options. This initiative will also free up larger homes for Boston families.

3. Provide increased housing stabilization and support services to senior homeowners and renters

The City will meet this goal by identifying the most critical services needed to help seniors retain their existing housing, or assist them to access alternative housing. Working with non-profit partners, the City will create and expand service programs for Boston's seniors.



Mayor Walsh, US Representative Capuano, Representative Sanchez, MA Secretary Gornstein and others join activist Maria Sanchez in breaking ground for the Roxbury Crossing Senior Development, 40 units of affordable senior housing.

Housing Boston's Seniors: Actions

1. Increase funding for senior housing and housing support services

Establish additional resources in the City's budget to support the production of senior housing and expanded senior housing stabilization programs. This resource will be contingent on budget availability. (Please refer to Chapter 8, Resources).

In conjunction with the senior and housing advocacy communities, Boston will advocate for additional State and Federal resources to fund low-income senior housing, which would act as a replacement for the loss of Federal Section 202 capital funds. Massachusetts had received \$20 million annually in Section 202 funding.

2. Utilize City-owned land and buildings for the creation of affordable senior housing

Where appropriate, City-owned land and buildings will be made available for the development of affordable senior housing.

3. Explore options for senior housing on Main Streets

Continue to evaluate opportunities to site senior housing in neighborhood commercial centers. Seniors benefit from the close proximity to shopping and public transportation, while commercial areas benefit from additional customers and foot traffic.

4. Engage the development community to better understand the opportunities and challenges to creating market-rate senior housing

Boston's development community has created very few unsubsidized senior housing developments. The City of Boston will engage the development community to better understand the opportunities and barriers that exist when creating market-rate elderly developments. After this examination, the City will respond with incentives to encourage this type of development.

5. Examine models in other cities for "in-law" apartments

The City of Boston should explore models being used in other cities that encourage the creation of in-law apartments. If deemed appropriate for use in Boston, the City will work with the architectural community and permitting/approval agencies to design a program to support this type of senior housing.



6. Establish a Senior Housing Assistance Network

The City of Boston's Commission on Elderly Affairs and non-profit partners will collaborate to create programs designed to provide housing services and education for seniors. To assist our diverse senior population, all services should be offered in multiple languages. The Senior Housing Assistance Network will assist seniors with the following:

Housing Search – to help seniors find appropriate housing and help with associated moving costs

Application Assistance – to assist seniors with complicated housing applications

Court Advocacy – to assist seniors if they are required to go to court for matters including non-payment of rent or other housing issues

Housing Education – to educate seniors in group sessions on issues such as tenant rights, senior homeownership programs, utility programs, and Senior Circuit Breaker Tax Credits

Reverse Mortgage Information and Counseling – to ensure that seniors are provided information on reverse mortgage products so they can make informed decisions

Hoarding Services – the City will partner with experienced, locally-based organizations to create a hoarding program using research-based best practices that provides clean-up services and assists with associated mental health needs

Income Maximization Efforts – increased access to those benefits that help pay for necessities including medication, health care, food, and utilities, means that seniors will have additional resources to meet their housing needs

7. Provide Senior Energy Retrofit Services

The City will provide deferred energy retrofit loans to very low-income senior homeowners who regularly exhaust their fuel assistance because of energy inefficiency. This loan, which will be offered in partnership with Renew Boston and ABCD, will have zero payment due until the sale or transfer of the home. This means that 100 percent of the energy cost savings will go to the senior to improve their quality of life.

8. Support Senior Housing Innovation Demonstration

In conjunction with the City of Boston's Commission on Elderly Affairs, the Boston Public Health Commission, and nonprofit partners, establish an innovative demonstration program that strengthens the partnership between supported housing and healthcare providers. This program will seek to demonstrate the healthcare cost savings of aging in community and create new mechanisms to invest this savings in the production and operation of supported housing. To maximize the demonstration value, we hope to involve the university community to monitor and evaluate results.